

# FEDERAL LAW ENFORCEMENT OFFICERS ASSOCIATION

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September 26, 2019

Chairman Richard Shelby  
Committee on Appropriations  
Room S-128, The Capitol  
Washington, DC 20510

Vice Chairman Patrick Leahy  
Committee on Appropriations  
Room S-128, The Capitol  
Washington, DC 20510

Dear Chairman Shelby and Vice Chairman Leahy:

The Federal Law Enforcement Officers Association (FLEOA) – the nation's largest non-partisan professional association, representing more than 27,000 active and retired federal law enforcement officers from every 65 federal agencies – applauds your efforts to prioritize and secure direct funding for the Criminal Investigation Division (CI) of the IRS. In the FY2020 FSGG Appropriations Act (S.2524), we applaud the Committees work to ensure the dedicated law enforcement officers within the Criminal Investigations Division of IRS are fully funded.

As the 6<sup>th</sup> largest federal law enforcement agency, the CI serves a crucial role in supporting national law enforcement priorities and high-impact financial investigations. From protecting Americans against stolen identity refund fraud (SIRF) and cybercrime to dismantling large scale transnational organized crime syndicates, major drug cartels, and international money laundering schemes, CI is an important national law enforcement asset. CI plays a key role in the Department of Justice's efforts to investigate and prosecute complex financial crimes and criminal activity where money is motivating factor. CI is so prolific at conducting these high-impact financial investigations that they are regularly the largest contributor to the Treasury Forfeiture Fund, which is comprised of non-tax criminally derived assets seized by Treasury and Homeland Security law enforcement agencies.

Conducting these types of priority investigations requires a consistent dedication of resources that CI has been unable to obtain from IRS leadership. CI is the only major law enforcement agency who does not have a separately appropriated budget from Congress. Instead, they receive their funding through the IRS "Enforcement" appropriation, which also contains funding for higher priority IRS audit and collection functions. This puts the discretion to fund CI in the hands of IRS leadership, who are often focused on tax collections, and limits Congress' ability to allocate funding directly to CI for priority national law enforcement initiatives that some IRS leaders see as having little, if anything, to do with their tax collection priorities.

As a civil regulatory agency, the IRS' enforcement focus is on tax collection not criminal violations of the US tax, money laundering, and Bank Secrecy Act (BSA) laws. As an example of the IRS' priorities, in 2018 the IRS' fraud referral program accounted for only 7% of all criminal investigations initiated by CI. This is the lone mechanism for IRS to refer audit and collection cases where revenue agents and officers identify fraud and potential criminal conduct. As a result, CI develops about 93% of their criminal investigations independent of IRS civil operating divisions.

The IRS' has lacked the ability to prioritize CI's financial investigative missions causing funding issues throughout its history. Since 2010, CI's staffing has been on a steady decline. For example, in 2010 CI had approximately 4,000 employees of which about 2,700 were special agents. At the close of 2018, CI had only 2,800 employees of which about 2,000 were special agents. Historically, CI has been second only to the FBI when it came to bringing white collar crime prosecutions. Unsurprisingly, CI's crushing drop in staffing directly correlates to a steady decline in white collar crime prosecutions brought by the DOJ over the same period of time.

We urge you to continue your work prioritizing the financial investigative mission of CI. Although we applaud your recent efforts in the FSGG appropriations bill, our membership believes the best long-term solution to address CI's persistent funding problem is to completely separate CI's funding from the IRS "Enforcement" appropriation and create a separate "Criminal Investigation Division" appropriation within the IRS or Treasury. Our membership, which includes CI Special Agents in Charge and Senior Executives, welcome the opportunity to work with you on this and other important issues related to CI.

Sincerely,

*Larry Cosme*

Larry Cosme  
National President  
Federal Law Enforcement Officers Association

CC: Members of the Senate Committee on Appropriations